AN S&MM SPECIAL SECTION
Fleet Cars 1984
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S&MM
SALES & MARKETING MANAGEMENT

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St. Regis divides to conquer

As the market for industrial packaging declines, suppliers must work smarter to keep their position. Planning the strategy of market leader St. Regis are Sanford G. Scheller (center), vice president and general manager of the newly reorganized Bag Packaging/Consumer Products Div.; Jerome D. Roeske (l.), general manager of the Multiwall East business unit; and Lloyd F. Rogers, director of marketing for both multiwall units. Story begins on page 39.

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Selling vaults to Olympian heights

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SELLING TO GAYS

Marketers get a foot in the closet door

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U.S. is out to sink pirates of products from jeans to pacemakers with new preventive measures and stiffer penalties. Page 12.

Cryovac shrink-wraps fruit to expand sales. Page 12.

New households fall below the 1-million mark for the first time in 20 years. Page 16.

Hello Kitty stuffed toys bring in the scratch for Japan's Sanrio. Page 20.

Topol toothpaste helps Jeffrey Martin, Inc. increase sales from $6 million to $80 million in six years. Page 22.

Industrial sales forces have more doors to knock on, thanks to a growing number of new business establishments. Page 22.

National Convenience Stores wins with a strategy that competitors spurn. Page 27.

Rebaters are taken to task by sales trainer Edward Finn in an S&MM Viewpoint. Page 43.

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What's coming up

S&MM's Survey of Buying Power—Part II. Zip Code rankings for a variety of demographic and socioeconomic traits are featured, as well as age group tabulations for TV markets. Also: new ways of looking at markets. Oct. 31.

Selling telephones. Suppliers and retailers are ringing up sales as consumers rush to buy phones. It's said that by 1990, renting a phone will be "as odd as trying to rent a toaster from the electric company." Nov. 14.

An S&MM Special Section: Sales Meetings. As the economy rebounds, marketers are especially keen on using meetings to prepare salespeople to spot new opportunities. S&MM also reports on its exclusive survey of the whys—and hows—of today's meetings. Nov. 14.

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Cover photography by Prism Photography

ing the idea to growers for a year, and that the company is now trying to attract the attention of retailers with ads in *Supermarket News*.

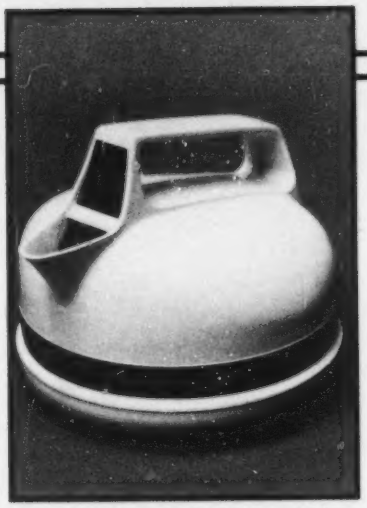
Cryovac's selling point is that the wrap keeps fruit juicier and vastly prolongs shelf life from the usual 4 to 5 weeks to as long as 10 to 12 months. "This provides a great benefit to distributors, especially at the end of the growing season when they are often forced to throw away 50% of their grapefruit shipments," says Cryovac spokesman Chuck Jolley. He adds that the wrap also allows grocers to mark a price on each piece, and thus avoid confusion at the cash register between white grapefruit and the more expensive pink variety.

A severe winter in citrus country hampered Cryovac's selling efforts last year, so it still considers the project to be in a test phase. If it does catch on during the coming season, Cryovac will be ready to introduce new films and machines to wrap fruits other than citrus. "It would be a big add-on to our business," says Jolley.

This watched pot boiled fast

It sounds as if Victor Slat, sales and marketing director for Canada's Creative Appliance Corp. (sales: US$7 million), finds fault with success. Although the Toronto manufacturer recently brought a 1-liter electric kettle from concept to retailers' shelves in less than four months, boosting its kettle sales 20%, to more than $4 million, Slat insists he doesn't want to go through the experience again. Going that fast, he insists, "causes gray hairs."

Not that marketing and distribution didn't go smoothly.



New kettle was sold to retailers while still on the drawing board.

Three major Canadian retailers, Zellers, Woolco, and T. Eaton, agreed to sell the new kettle on the basis of drawings and Creative's reputation for kettles (it makes three other models). Having generated interest at such an early stage, however, it was incumbent upon Creative to get the kettles on shelves as soon as possible. The squeeze was in retooling. Instead of the usual length of time, 12 to 16 weeks, Creative retooled in less than 8. That used up, Slat adds, "a lot of midnight oil."

Slat notes, "the greatest advantage in being small is that we can identify needs and react without numerous corporate decisions." Thus the new kettle, which costs about $11, meets a need for hot water by students, travellers, and others often without access to a stove. He notes also that his competitors, including General Electric and Sunbeam, require anywhere from 12 to 18 months to develop and begin marketing a new product in Canada.

Actually, Slat has been beating the competition to the punch since 1977 when Creative was first with a plastic tea pot. The company plans next a convection toaster that doesn't use a pop-up mechanism, but its introduction should be less harrowing. It's been in development for more than two years.

ZIP CODE MARKETING

879 adds up to affluence

Truth or Consequences lives again. No, not the old TV show, but the 3-digit Zip Code area (879) in New Mexico that is No. 6 among the 10 Zips with the fastest growth in personal income between 1969 and 1979. So the Internal Revenue Service reports as a result of an analysis of income by Zip Code area it was commissioned to do by an outside corporation.

Interestingly, 8 of the 10 Zips

Zips with the highest income . . .

Zip Code Area	*3-Digit Code*	*Median AGI**
Northern Virginia	220–221	$17,934
Summit, NJ	079	17,883
Shawnee Mission, KS	662	17,625
Denver southern suburbs, CO	801	17,437
Rock Springs eastern area, WY	829	17,389
Hicksville, NY	118	17,159
Seattle suburbs, WA	980	16,926
Chicago southern suburbs (west), IL	605	16,913
Peoria suburbs, IL	615	16,771
Flint suburbs, MI	484	16,731

*Adjusted gross income.

. . . and the fastest growth

Zip Code Area	*3-Digit Code*	*% Gain 1969–79*
LaGrange, TX	789	59.1%
Bellaire, TX	774	57.0
Corbin eastern suburbs, KY	408	53.4
Hazard western area, KY	417	51.8
Woodward, OK	738	51.7
Truth or Consequences, NM	879	51.1
Conroe, TX	773	50.7
Sheldon, IA	512	49.7
Ashland southern suburbs, KY	412	49.0
Rock Springs eastern area, WY	829	47.4

Note: % gain calculated in constant dollars.
Source: Internal Revenue Service, *Statistics of Income Bulletin*, Spring 1983.
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with the fastest growth in adjusted gross income (AGI), which is what's left after all deductions and exemptions are claimed, are associated with energy resource development projects: 3 in Kentucky, 3 in Texas, and 1 each in Oklahoma and Wyoming.

In contrast, half of the 10 Zips with the highest AGI are in the industrial belt: 2 in Illinois, 1 each in New York, New Jersey, and Michigan. The Zip with the highest AGI, 220-221, is in northern Virginia, well populated by federal civil servants. The runner-up, Zip 079, in New Jersey, boasts an unusually high ratio, 12%, of taxpayers in the $50,000-and-over bracket. Many of them live in Summit but work in New York City.

Wyoming's Rock Springs, Zip 829, enjoys the unique distinction of being the only Zip that is in both the high-income and fastest-growing categories.

S&MM's Survey of Buying Power–Part II, when it appears Oct. 31, will have a new feature ranking the leading Zip areas by various demographic and socioeconomic characteristics.

WASHINGTON

Postmortem for a distributor

Much of official Washington digs in this month to a fresh plate of nettlesome issues. For marketers, the agendas before two power centers—the U.S. Supreme Court and the Federal Trade Commission (FTC)—will generate particularly high interest.

Among the questions to be posed during the Supreme Court's new term are whether a manufacturer can be sued un-

S&MM PREDICTS

Look for the pending merger of Harris Corp. and Lanier Business Products to be followed by others as information-processing companies search for word-processing partners as a means of entering the automated office market. Some prime takeover candidates are NBI, Boulder, CO, and CPT, Minneapolis.

◆ ◆ ◆

Going to the dogs (and cats). Marketers looking for new product ideas could do worse, a Doyle Dane Bernbach survey of pet owners (about 80% of all households) suggests. Bad-breath remedies for dogs and spill-proof litter boxes for cats are popular new product ideas among pet owners. Other products they'd like to see offered are a pet stain and odor remover, pet health insurance, and, of course, diet foods.

◆ ◆ ◆

Changes in Medicare/Medicaid that went into effect this month, whereby hospitals will no longer be reimbursed for all patient costs, will spur sales of hospital-oriented computer systems and in-home health-care services (S&MM, Sept. 12). Hospital administrators hope that specially designed computer programs will let them keep costs down in such expensive areas as maintaining medical and financial records.

◆ ◆ ◆

Many more of us will lease autos instead of buying them. Apart from drivers seeking tax advantages, small businesses such as florists and dry cleaners will lease for several days per week, thereby reducing costs. (How to add a name or logo to a leased vehicle? Answer: magnetic shingles.)

◆ ◆ ◆

Coming: a clash of makers of battery-powered, lightweight computers used by electronic mail services and Federal Aviation Administration? The latter bans such devices on commercial airlines for fear they interfere with a plane's navigational and communications gear; computer makers now fear the FAA will press for "on the ground" restrictions.

◆ ◆ ◆

Expect tougher enforcement of resale price maintenance laws—but only when there is proof that consumers are being injured. A change in procedures now bars the Federal Trade Commission from sitting on cases its chairman doesn't favor. Also, Congress will require reports on enforcement activities every six months. (For more about developments at FTC, see this page.)

der antitrust laws for dismissing a distributor and if a critical product review by *Consumer Reports* is grounds for libel.

In Monsanto vs. Spray-Rite Service Corp., a former Monsanto distributor alleges it was the object of a group boycott by the manufacturer and other distributors that wanted to maintain high prices. The Justice Dept. has warned that a lower-court decision which held for Spray-Rite could virtually immunize dealers from being dismissed once a competitor has complained.

In the second case, the Court is considered likely to uphold the complaint of the Bose Corp. against *Consumer Reports* for a caustic review of one of its hi-fi speakers. While publishers claim that such a verdict would threaten all criticism by the media, Bose's attorneys argue that it would only keep the press from deliberately lying, as Bose executives claim the magazine did about its product.

In yet another case (Jefferson Parish Hospital District No. 2 vs. Hyde) of interest to marketers, the Court will test the legality of a hospital's tying arrangement forcing users of operating rooms to contract with its anesthesia service.

New season at FTC

At the FTC, the nomination last month of Vanderbilt professor Terry Calvani to fill a Republican vacancy on the commission is expected to mean a long-awaited working majority for free market proponent chairman William C. Miller. He promises to respond with a burst of activity that will include guidelines on advertising substantiation and new internal regulations on how to define deception and unfair methods of competition.

Insiders also expect a continuation of Miller's philosophy favoring self-regulation over trade regulation rules and se-

S&MM SALESGRAPH

A household shocker

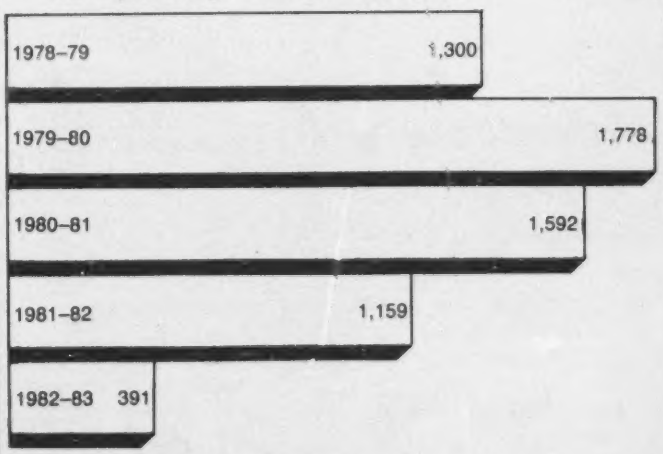
Marketers who focus sales strategies on households got a rude jolt recently when the Census Bureau revealed that the annual increase in consumer buying units fell below the 1-million mark in 1982; it was the first such drop in 20 years. Actually, the increase of 391,000 households was off 66% from the previous year's gain and 65% under the 1980–83 annual increment. Whether the falloff signals a lifestyle change or just reflects the recession is being debated.

Michael Carliner, senior economist at Chase Econometrics' regional economics group, Bala Cynwyd, PA, thinks it was "a combination of both. The reduction is especially noticeable among younger adults, indicating fewer job opportunities and less alienation among the generations." He also notes divorces were down last year, adding "they may be a luxury people will sacrifice in a recession."

The recession is seen as the dominant element by Martin Duffy, vice president, Data Resources, Inc., Lexington, MA. "We went through the wringer last year," he says, "with high unemployment, high rents, high interest rates, and the lowest consumer confidence levels in years. It was an horrendous combination facing people who wanted to start new households." Demographics chipped in, says Ellen Metcalf, senior consultant at A.D. Little, Cambridge, MA. "We are now on the downside of the baby-boom generation, which means a diminishing base of new household formers."

A sharp drop in new households

Year-to-year change in total households (000)



Note: Totals are as of March each year.
Source: Census Bureau, *Households, Families, Marital Status, and Living Arrangements, March 1983*; Series P-20, No. 382.
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the beginning of the year, is aiming for 45 more by year-end.

While Sanrio does not plan to change its low advertising profile, CBS Toys will push for fourth-quarter sales with extensive print and television advertisements as well as continuing its promotional stunt of having Hello Kitty on tour for special events. The CBS line, which does not duplicate Sanrio's products, runs from cloth cubes for babies at suggested retail of $10 to a rocker at $25. Yamada says that orders for the CBS line are "running 25% ahead of projections."

He notes that, rather than making heavy expenditures for advertising, Sanrio has based its strategy on, "quality, product development, display, and good communications with store managers and buyers."

Will a licensing pact with CBS Toys make this toy better known?

Helga Fellner, buyer for girls' accessories for the Broadway, says, "Their forte is that they introduce new items each month."

S&MM MARKET HIGHLIGHT

More accounts to call on

The total number of business establishments salespeople can sell to rose 1% in 1981, to 4,586,510, the Census Bureau's annual *County Business Patterns* report notes. Leading industry gainers are mining, up 12%, to 33,196; services, up 4%, to 1,333,297 (the largest number among the major industries). The 1% gain topped 1980's 0.2% rise but lagged the long-term 1.45% rate for the 1974–82 period.

Major Industry	*Number Of Establishments 1981*	*% Change 1980–81*	*Large Establishments* 1981*
Agricultural services, forestry, & fisheries	47,746	+ 3.6%	2
Mining	33,196	+11.9	82
Contract construction	400,077	– 4.3	103
Manufacturing	321,290	+ 0.6	2,354
Transportation & public utilities	171,614	+ 2.3	324
Wholesale trade	390,160	+ 1.4	45
Retail trade	1,238,250	+ 1.3	122
Finance, insurance, real estate	417,828	– 0.7	312
Services	1,333,297	+ 4.3	1,356
Total	**4,586,510**	**+ 1.0%**	**4,700**

*1,000 or more employees.
Note: Details won't add to total due to 233,052 "nonclassifiable" establishments.
Source: Census Bureau, *County Business Patterns: U.S. Summary*, CBP-81-1.
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ADVERTISING

Topol shines

Ten years ago only a handful of people knew about Topol, promoted as a smokers' toothpaste. They were the staff of Shaller Rubin Associates, the advertising agency which developed the product after losing the account for Pearl Drops, another smokers' dentifrice. And there was Martin Himmel, a client of the agency who is the president of Jeffrey Martin, Inc., Union, NJ, a marketer of nonprescription health and beauty aids.

Following his strategy of finding small niches in a market, Himmel picked up Topol, which, like Pearl Drops, was a liquid, changed it to a paste, and tested it in Venezuela and the Caribbean.

Aware that Latins are "cosmetic conscious" and that they smoke a great deal, Himmel next moved into the Latino markets in Los Angeles, New York, and Miami, all the while conducting what he describes as "guerrilla marketing," plus investing large expenditures in

Jeffrey Martin, Inc.'s strategy for Topol: build ad impressions.

S&MM MARKETGRAPH

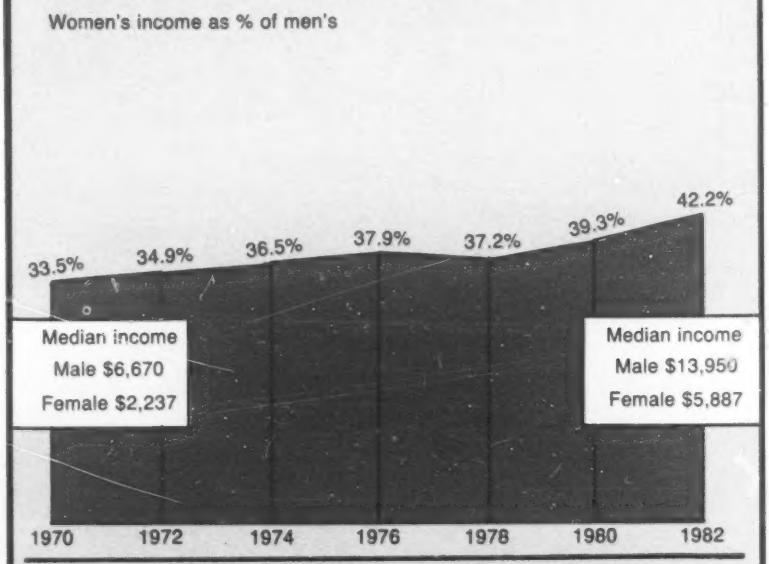
Earnings gap: Getting less sexist all the time

Despite the complaints of feminists and other well-intentioned souls, the earnings gap between the sexes is narrowing. While much is made of the fact that, overall, women in 1982 still earned only 42% of what men did, a more meaningful comparison, between members of both sexes who worked year-round, full time, shows that women achieved a 63% ratio. A big reason for the income gap, of course, is that, until recently, while men remained on the job for longer time frames, women moved in and out of the workplace for a variety of reasons.

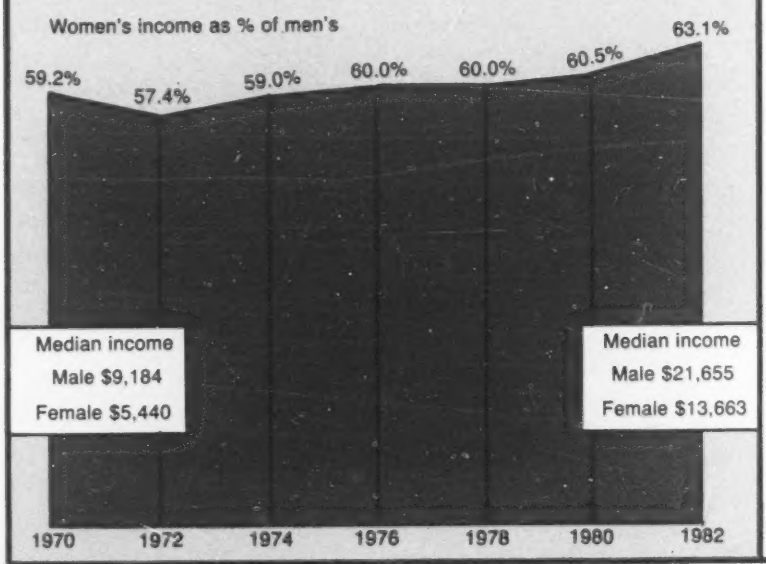
Thus, at the entry level 20–24-year-old group, women who work year-round, full time earn 87% of what men do, but by the time they reach the 35–44-year-old category, the male's peak-income years, the ratio slips to 59%. As career-minded females become a greater presence among working women, the earnings gap will continue to diminish. —TCT

Two ways of looking at the earnings gap:

Among all women with income . . .

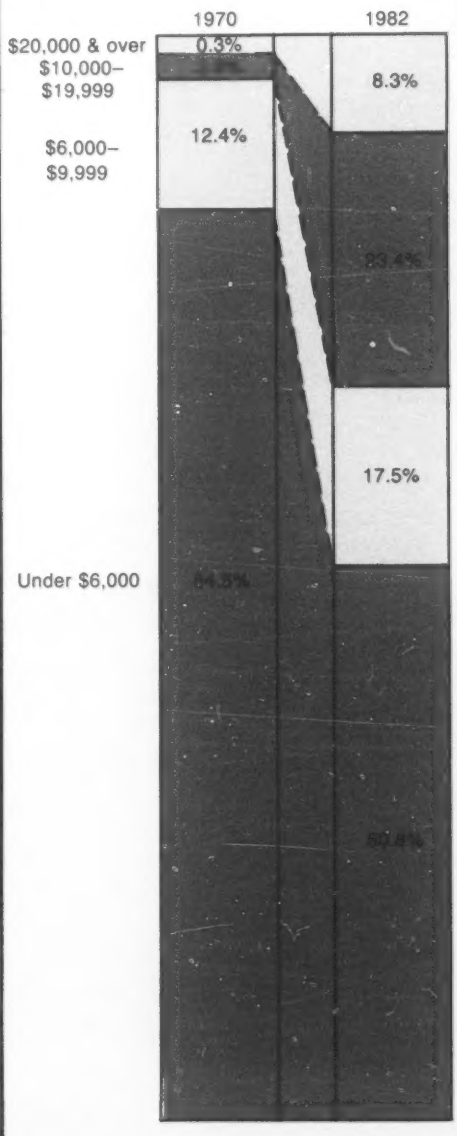


. . . and women who worked year-round, full time



A more attractive target market

Women by income group



Source: Census Bureau, *Money Income and Poverty Status of Families and Persons in the U.S.: 1982*, Series P-60, No. 140.

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